Nos. 22495 and 22495-A

IN THE

United States Court of Appeals

FOR THE NINTH CIRCUIT

PROLER STEEL CORPORATION, *Appellant,*

v.

LURIA BROTHERS & COMPANY, INC.
and LIPSETT STEEL PRODUCTS, INC., *Appellees.*

APPELLANT'S BRIEF

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APPELLANT'S BRIEF

I.

JURISDICTION

Jurisdiction of the district court is based on 28 U.S.C. § 1338(a) and venue is predicated upon 28 U.S.C. § 1400 (b). A final judgment having been entered in said district court on September 27, 1967 (*R. 625), this court of appeals has jurisdiction of this appeal under 28 U.S.C. §1291 and Fed. R. Civ. P. 73(a), (b).

Appellant Proler Steel Corporation filed its notice of appeal on October 26, 1967 (R. 672), and filed its

* Transcript of Record.

statement of issues to be presented on appeal on November 3, 1967 (R. 696). Following the district court's denial of appellant's motion under Rules 52 and 59 of the Federal Rules of Civil Procedure and for reconsideration (R. 628, 721), appellant filed a further notice of appeal on December 4, 1967 (R. 725), and again filed its statement of issues to be presented on appeal on December 13, 1967 (R. 730). A cost bond on appeal was filed in connection with both appeals (R. 693, 727).

By order of this court the appeals have been consolidated.

II.

STATEMENT OF THE CASE

A. The Parties

Appellant (plaintiff below, Proler Steel Corporation), is a Delaware corporation having its principal place of business in Houston, Texas, and is the sole owner of United States letters patent Re. 25,034 (R. 205, 206). Proler's principal business is the processing of scrap metals to prepare them for sale to steel manufacturers and to others (Ex. B).*

Appellee Luria Brothers & Company, Inc. (hereinafter referred to as Luria) is a Delaware corporation and has a regular and established place of business and is doing business in Vernon, California (R. 196).

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* A book of exhibits was attached to appellant's "Memorandum in Opposition to Defendants' Motion for Summary Judgment". These are the exhibits referred to throughout this brief. Copies of those same exhibits accompany this brief in a separate exhibit volume.

Appellee Lipsett Steel Products, Inc., is a New York corporation having a regular and established place of business and doing business in Vernon, California (R. 196).

The principal business of Luria and Lipsett is the processing of scrap metals for sale to steel manufacturers and others.

Both appellees are licensed to do business and are doing business in Vernon, California, in the Central District of California (R. 196).

B. Action in the Court Below

This is a suit for infringement by appellees of appellant's letters patent Re. 25,034 (R. 335). Appellees have answered and filed a counterclaim to the suit alleging invalidity of the patent (R. 188) and appellant has answered these allegations (R. 201). The district court entered summary judgment for appellees (R. 625), adopting all of the findings of fact and conclusions of law submitted by appellees (R. 610) and holding for them on all five counts in appellees' motion (R. 281).

There were genuine issues of material fact with respect to every defense raised by the motion for summary judgment, and therefore the judgment entered was improper and should be reversed.

C. General Background and the Patent in Suit

The patent in suit is a reissue patent, Re. 25,034 (R. 335), which describes and claims a process by which obsolete scrap is converted into a high-grade ferrous material suitable for feeding directly into steel furnaces for making new steel (R. 338, col. 1, lines 14-20). Ob-

solete scrap is that which comes from manufactured articles, such as old automobile bodies, stoves, and refrigerators, which have outlived their usefulness (R. 338, col. 1, line 65, to col. 2, line 8).

Only claim 9 of the patent in suit is at issue (R. 208). Appellees own and operate a plant in Vernon, California, which is alleged to practice a process which infringes claim 9 (R. 207).

Appellees alleged in their motion for summary judgment five separate and distinct grounds (R. 282):

1. Claim 9 of the Proler reissue patent is invalid for claiming a mere aggregation of steps old in the art.

2. Appellees' accused process does not infringe claim 9 of the Proler reissue patent.

3. Claim 9 of the Proler reissue patent is invalid on the ground that the invention claimed therein is not the invention disclosed in the original Proler patent No. 2,943,940, of which the patent in suit is a reissue.

4. Claim 9 of the Proler reissue patent is invalid on the ground that the defect of the original patent did not arise through error.

5. Claim 9 of the Proler reissue patent is invalid on the ground that the oath in support of the application for the reissue patent fails to show that the original patent was wholly or partly inoperative or invalid through error.

Summary judgment was granted appellees on all these grounds (R. 625). The Record discloses that there were genuine issues of fact material to each ground, hence this appeal.

III.

SPECIFICATION OF ERRORS

1. The district court erred in holding on summary judgment that claim 9 of the Proler reissue patent was invalid for claiming a mere aggregation of steps old in the art and as failing to meet the statutory test of non-obviousness because there was evidence before the court sufficient to raise genuine issues of material fact as to both these defenses.

In its findings of fact and conclusions of law made in support of this holding the district court erred:

a. In making finding of fact 3 for the reason that there was substantial evidence before the court sufficient to raise genuine issues of material fact thereon.

b. In making findings of fact 3.1 and 3.2 for the reason that they are immaterial to any question of validity of a process patent.

c. In making findings of fact 3.3, 3.4, 3.5, 3.6 and 3.7 because there is no evidence to support them, or alternatively, genuine issues of material fact exist as to one or more of them.

d. In making conclusion of law 1 for the reason that it is contrary to the law on aggregation and obviousness, and for the further reason that there was substantial evidence before the court sufficient to raise genuine issues of fact material thereto.

2. The district court erred in holding on summary judgment that appellees' process does not infringe appellant's patent because there was evidence before the court sufficient to raise genuine issues of material fact as to infringement.

In its findings of fact and conclusions of law made in support of this holding, the district court erred:

a. In making findings of fact 4, 4.7 and 4.8 because there was evidence before the court sufficient to raise genuine issues of material fact thereon. Further, finding 4.7 erroneously refers to the "function" of rolls, since claim 9 is not limited to rolls.

b. In making findings of fact 4.1 and 4.2 in that such findings are not material to support a finding of no infringement.

c. In making finding of fact 4.3 because it is contrary to the evidence in the implied finding that after April, 1965, appellees produced Lurmet in the same density range as all of the product produced before that date.

d. In making finding of fact 4.4 in that it erroneously states appellant's charge of infringement.

e. In making finding of fact 4.5 in that it is vague and indefinite in the use of the term "material."

f. In making finding of fact 4.6 because said finding is immaterial in that a process claim is not limited to the equipment disclosed.

g. In making conclusion of law 2 for the reason that it includes findings on summary judgment which are the subject of material issues of fact, it erroneously states that rolls are described in the third step of claim 9, and further it is erroneous as a matter of law in that it compares the equipment used in appellees' operation with the equipment used in appellant's commercial operation, rather than comparing appellees' process with the patented process.

h. In making conclusion of law 3 because the evidence raises genuine issues of material fact on infringement. Also, it is erroneous as a matter of law because 35 U.S.C. § 112 does not limit the *step* in a process to the *equipment* used.

3. The district court erred in holding on summary judgment that the Proler reissue patent was invalid as not claiming the invention disclosed in the original patent for the reason that there was evidence before the court sufficient to raise genuine issues of material fact as to this defense.

In its findings of fact and conclusions of law relating to this defense, the district court erred:

a. In making finding of fact 2.2 for the reason that it erroneously sets forth what is described in the patent.

b. In making finding of fact 2.3 for the reason that the arguments referred to are immaterial to this ground.

c. In making finding of fact 2.4 because it is immaterial in that the statute provides that reissue claims may be broader than original claims.

d. In making conclusion of law 4 for the reason that there is evidence in the Record sufficient to raise genuine issues of material fact with reference to said conclusion.

4. The district court erred in holding on summary judgment that claim 9 of the Proler reissue patent was invalid on the ground that the defect of the original Proler patent did not arise through error because there was evidence before the court sufficient to raise genuine issues of material fact as to this defense.

a. The district court erred in making conclusion of Law 5 because there is no evidence to support it, or alternatively, there was substantial evidence before the court sufficient to raise a genuine issue of material fact thereon.

5. The district court erred in holding on summary judgment that claim 9 of the Proler reissue patent is invalid on the ground that the oath filed with the application for reissue fails to show any error because there is no evidence to support this, or alternatively, there was sufficient evidence before the court to raise genuine issues of material fact thereon, and on whether the commissioner had sufficient evidence of error before him from the file record to determine there was error within the meaning of 35 U.S.C. § 251.

In its finding of fact and conclusions of law made in support of this holding, the district court erred:

a. In making finding of fact 2.7 for the reason that it is contrary to the evidence, or in the alternative, there is evidence in the Record sufficient to raise a genuine issue of material fact thereon.

b. In making conclusions of law 6 and 7 for the reason that they are contrary to the evidence, or alternatively, there was substantial evidence before the court sufficient to raise genuine issues of material fact thereon.

6. The district court erred in granting appellees' motion for summary judgment.

7. The district court erred in dismissing the complaint.

8. The district court erred in overruling appellant's motion under rules 52 and 59 of the Federal Rules of Civil Procedure and for reconsideration.

IV.

SUMMARY OF THE ARGUMENT

On summary judgment, all conflicting fact possibilities must be decided in favor of the party opposing the motion.

The claim at issue covers a process and is presumed to be valid. On an issue of invalidity all reasonable doubt must be resolved in favor of the patent.

The process described in claim 9 is capable of contemplation by the mind apart from any one of the specific instruments by which it is performed, and was therefore patentable as a process. The material inquiry is whether the *steps* of claim 9 were known in the art, not whether there existed machines in the art capable of accomplishing the individual steps.

It was error for the district court to hold on motion for summary judgment that the process of claim 9 was an aggregation of old elements known in the art, because there were genuine issues of material fact raised by the evidence on

> 1) whether *all* of the steps of claim 9 were old (there being ample evidence that step 3 was new); and
>
> 2) whether the combination of steps in claim 9 produced something new and unusual or unexpected in the art of scrap processing, in the form of pure, dense steel particles in a fluent form, for use in making new steel.

If either one of these fact inquiries are answered in appellant's favor the process of claim 9 is not invalid as an aggregation of old elements.

Further, in connection with this defense on validity, there is in the Record ample evidence to raise a genuine issue of material fact on each of the six factual inquiries bearing on whether the process of claim 9 was obvious at the time it was made to those skilled in the art.

There is evidence in the Record sufficient to raise a genuine issue of material fact as to whether appellees infringe claim 9 of the patent in suit. The fact that they

do not use a particular machine to perform step 3 of claim 9 or that there may be some subdivision of the fragments of steel when they perform step 3 does not excuse infringement.

There is evidence in the Record sufficient to raise a genuine issue of material fact as to whether claim 9 covers the invention disclosed in the original patent.

There is evidence in the Record in the file history of the patent sufficient to raise a genuine issue of material fact on whether there was error without deceptive intention sufficient to support the reissue of the patent within the meaning of 35 U.S.C. § 251.

The oath of Sam Proler filed with the application for the reissue patent points out that the error in the original patent was in failing to claim broadly enough to provide adequate coverage of the invention. Further, the Record contains evidence which was before the patent office of the error in the original patent. The patent law does not require an oath as a basis for reissue, much less that it be in any particular form.

V.

ARGUMENT

A. History

The problem of what to do with worn-out automobiles, household appliances and other manufactured articles which outlive their usefulness has long plagued processors and users of scrap iron and steel (R. 341). It has long been recognized that the approximate 80 per cent iron and steel in such worn-out goods would be very valuable if it could be recovered efficiently and delivered to the steel manu-

facturers in a form in which it could be used readily in the making of new steel (Ex. A). However, for decades the best method known for processing such materials, known as obsolete scrap in the trade, was to drop the articles, including the 20 per cent of impurities, into a large press which mashed everything together into a solid, bulky bundle or bale, known as a No. 2 bundle, which often weighed a ton or more. Much fault was found with such bundles. Steelmakers were unable to tell the level of impurities in the bundles they received. Steelmakers dropping 2,000 pound bundles into their furnaces lined with refractory brick often caused breakage of the furnace lining, and falling bundles during the melting process often broke the large carbon electrodes used in the electric furnaces. The unknown impurities caused a great deal of smoke and fumes. Furthermore, the bundles would not fit compactly into the furnace so that it was difficult to get a high enough weight of steel in a single charge for efficient operation of the steel furnace (Ex. A). Consequently, the acceptability of these bundles had declined over the years (Ralph Ablon dep., pp. 41-43).

In 1935 Clarence M. Gregg, recognizing the existence of these problems, filed a patent application, which ultimately issued as patent No. 2,059,229 (R. 340), on a process which he thought would solve most of them. This process was practiced by Los Angeles By-Products Company. In this process pieces of obsolete scrap were shredded in a hammer mill to make shredded fragments of steel and to loosen adhering non-ferrous materials. The ferrous (iron and steel) shredded fragments were then separated from the non-ferrous materials by a magnetic blanket and put into a baling press where they were interlocked in a bale or bundle. They used this process for several years, and made

extensive attempts to interest others in it, including the government during World War II, but were unable to do so (Sexton dep., pp. 17, 18, 20, 21, and 121). They finally abandoned the process as an economic failure (Sexton dep., p. 139).

One scrap processor who became acquainted with the Gregg process at that time was appellee Luria, who was and still is the largest scrap processor in the world (Derlacki dep., Oct. 29, 1965, p. 152) and has been in business since about 1890 (R. 13). For over twenty years, beginning in about 1939, appellee Luria sought, by means of the Gregg process and others, to improve the method of processing obsolete scrap. They first bought a large hammer mill and then a large shear, but gave up on both of them (Ralph Ablon dep., pp. 18-36). Thus, despite these efforts by Los Angeles By-Products Company and by Luria, up until the time of the present invention no one had found a solution to the problem of obsolete scrap.

In the process of the patent in suit (R. 335), conceived in 1957 by Sam Proler, President of appellant (R. 32), obsolete scrap is first shredded into small pieces. This may be done by dropping it into a huge hammer mill large enough to receive a whole automobile. A hammer mill is a machine which has a rotor enclosed within a housing and large (appellees' hammers have a five-inch face width [Magness dep., Oct. 29, 1965, p. 71]) free-swinging hammers attached to the rotor (Proler dep., pp. 31-38, and Ex. 2 attached thereto). Second, the ferrous shredded fragments are separated from non-ferrous materials by any of several means, such as magnetically, by burning, by shaking on a screen, or by hand-picking. In the third step of the patented process, the thinner and

more malleable ferrous fragments are *individually compacted and balled up* so as to form a product of higher density while maintaining the individuality of the separate pieces so that a flowable mass of clean, high density scrap is obtained. This third step had never before been performed and the process produced a product which was never before known.

This innovation, conceived by Sam Proler, literally transformed the obsolete steel scrap market. The form of the material was such as to make it easy to handle and eliminate refractory and electrode breakage, and it had a high enough density to satisfy the steelmakers. It could be readily inspected for impurities. Furthermore, it was nearly 100 per cent steel (Magness dep., Oct. 29, 1965, pp. 101-105). Sam Proler's invention solved substantially all of the problems that steelmakers had been having with No. 2 bundles and commanded a price equal to or better than the best grade of scrap then available (Ex. B).

Appellant completed its first plant for the practice of this process in 1958 and has since completed five additional plants all over the United States and has one under construction in London, England (Ex. B).

When appellee Luria heard of this new process, they immediately set out to see if they could duplicate it (Burlingame dep., June 1, 1966, pp. 34, 35). They had recently hired Mr. William R. Magness, formerly with Battelle Institute, to head up their research work. Mr. Magness was familiar with the field, having previously made studies on the needs of the scrap industry (Magness dep., Oct. 29, 1965, pp. 8-12). Luria personnel studied the Proler patent (Derlacki dep., March 28, 1963, p. 22) and entered one of appellant's plants and made

notes and drawings on appellant's operations (Exs. G, H and I). They then sought out a hammer mill manufacturer, Williams Patent Crusher & Pulverizer Company of St. Louis, to design and build equipment for a plant.

At first, appellees intended to have a three-step process in which a hammer mill would be used to shred the obsolete scrap, magnetic drums would be used to separate the ferrous fragments from the non-ferrous material, and a second hammer mill (called a "nuggetizer") would be used to individually compact and ball up the shredded steel fragments (Ex. Q). However, they apparently decided that this was closer to the patented process than they dared go, so they conceived the idea of taking the larger ferrous fragments and sending them through the same hammer mill as that which processed the original charging stock, since this would perform, in a more devious manner, the same step as the "nuggetizer" (Ex. N), that of compacting the shredded pieces (Ex. M).

Learning of this, in December, 1962, appellant herein brought an action against appellee Luria seeking a declaratory judgment holding that the process to be practiced by appellees' plant, when completed, would infringe the patent here in suit.* In that action appellees admitted that they intended to perform steps 1 and 2 of claim 9 of appellant's patent (Exs. E and F). The question at issue was whether they also intended to use step 3 of claim 9 by sending the previously shredded pieces of steel scrap through the hammer mill to increase their density by individually compacting and balling them up. Appellant's suit for declaratory judgment was eventually dismissed as

* Certified copies of the papers of that case form a part of the Record herein (admitted by appellees at R. 173), and are in a separate volume of the Record.

moot due to the filing of an affidavit by Walter R. Derlacki, General Manager of Engineering for appellee Luria. In that affidavit he told the court that the appellees' plant was complete and that they did not intend to employ step 3 in their process (Ex. F).

For approximately a year after that, appellees kept their word, but they found that without the third step, they were unable to economically produce a product that was dense enough to satisfy their customer, Bethlehem Steel Company (Burlingame dep. June 1, 1966, pp. 16-22). Consequently, in April, 1965, appellees modified their operation to install equipment for running the larger, shredded fragments through their hammer mill, thereby employing the third step of Proler's patented process. At this point, since appellees were then using all three steps of appellant's process, this action was filed.

B. The Law On Motions For Summary Judgment

On a motion for summary judgment the District Court must give the party who opposes the motion the full benefit of any doubt which may be created by the evidence presented to the court. The court *cannot decide any fact issues,* but can grant summary judgment only where it is quite clear what the truth is and where no genuine fact issue remains for trial. *Poller v. Columbia Broadcasting System,* 368 U.S. 464, 468, 7 L.Ed.2d 458 (1962); *Cee-Bee Chemical Co. v. Delco Chemicals,* 263 F.2d 150, 152 (9th Cir. 1958); and *Hughes Blades, Inc. v. Diamond Tool Associates,* 300 F.2d 853, 854 (9th Cir. 1962).

When a case is presented to the court on a motion for summary judgment all conflicting fact possibilities must

be decided in favor of the party opposing such motion. Note the following statement by the Supreme Court in *Gunning v. Cooley,* 281 U.S. 90, 74 L. Ed. 720 (1930):

> "Where uncertainty . . . arises from a conflict in the testimony or because, the facts being undisputed, fair-minded men will honestly draw different conclusions from them, the question is not one of law but of fact to be settled by the jury." *Gunning, supra* at 94.

Thus, the law is well settled that if any material facts are in dispute, or, the facts not being in dispute, different conclusions might be drawn from the facts, the motion for summary judgment cannot be granted, since all conflicting possibilities must be decided in favor of the party opposing the motion.

Furthermore, the Ninth Circuit Court of Appeals has held that there still may be fact questions to be adjudicated even if the proof of a fact is all documentary, and that in such a case summary judgment is improper. Note the statement in *Hycon Manufacturing Co. v. H. Koch & Sons,* 219 F.2d 353 (9th Cir. 1955): ". . . any tendency to abolish trial in patent cases for consideration of documents in camera should be curbed." *Hycon, supra* at 356.

Finally, the courts have consistently held that all doubts must be resolved against the moving party (*Cox v. American Fidelity & Casualty Company,* 249 F.2d 616, 619 (9th Cir. 1957)); and the evidence presented must be viewed in the light most favorable to the party opposing the motion. *Poller v. Columbia, supra* at 473.

C. The Defense of Aggregation and Obviousness

Specification of Error No. 1 restated:

The district court erred in holding on summary judgment that claim 9 of the Proler reissue patent was invalid for claiming a mere aggregation of steps old in the art and as failing to meet the statutory test of non-obviousness because there was evidence before the court sufficient to raise genuine issues of material fact as to both these defenses.

1. The Process

The statute clearly provides for patenting a process: "Whoever invents or discovers any new and useful process, . . . may obtain a patent therefor, subject to the conditions and requirements of this title." 35 U.S.C. § 101.

"Process" is defined in the statute:

> "The term 'process' means process, art, or method, and includes a new use of a known process, machine, manufacture, composition of matter, or material." 35 U.S.C. § 100(b).

There are three steps in claim 9. (1) The obsolete scrap is shredded into fragments, (2) the ferrous fragments are separated from the non-ferrous materials, and, (3) the shredded, separated ferrous fragments are individually compacted and balled up, so that a fluent mass of pure dense steel fragments is the end product.

Appellant's process is an operation which consists entirely of mechanical transactions, but which may be performed by hand or by any of several different mechanisms or machines. It was definitely settled that a process of this

type was the subject of a patent in *Expanded Metal Company v. Bradford,* 214 U.S. 366, 53 L. Ed 1034 (1909).

The patented process in *Expanded Metal* involved two mechanical steps, i.e., (1) cutting the sheet metal, and (2) pulling at the same time in a plane close to 90 degrees from the plane of cutting. The Supreme Court in *Expanded Metal* stated "The important thing in this patent is a method of procedure, not the particular means by which the method shall be practised. . . ." *supra* at 381,; and further held:

> "We therefore reach the conclusion that an invention or discovery of a process or method involving mechanical operations, and producing a new and useful result, may be within the protection of the Federal statute, and entitle the inventor to a patent for his discovery." *Expanded Metal, supra* at 385, 386.

The Supreme Court, in upholding the process in *Expanded Metal,* quoting in part from *Walker on Patents,* the leading treatise in the field, stated:

> ". . . valid process patents may be granted for 'operations which consist entirely of mechanical transactions, but which may be performed by hand or by any of several different mechanisms or machines.'
>
> "It is undoubtedly true, and all the cases agree, that the mere function or effect of the operation of a machine cannot be the subject-matter of a lawful patent. But it does not follow that a method of doing a thing, so clearly indicated that those skilled in the art can avail themselves of mechanisms to carry it into operation, is not the subject-matter of a valid patent. The contrary has been declared in decisions of this court." *Expanded Metal, supra* at 383.

The three steps in appellant's patent are capable of contemplation by the mind apart from any one of the specific instruments by which they may be performed. *Deller's Walker On Patents* quotes *Robinson on Patents,* as follows:

> "An art or operation or process is an act or series of acts performed by some physical agent upon some physical object, and producing on such object some change either of character or of condition. It is also called a 'process', or a 'mode of treatment'; and is said to require that 'certain things should be done with certain substances in a certain order.' It is so far abstract that it is capable of contemplation by the mind apart from any one of the specific instruments by which it is performed. It is so far concrete that it consists in the application of physical force through physical agents to physical objects, and can thus become apparent to the senses only in connection with some tangible instrument and object." 1 *Deller's Walker on Patents,* § 15 at 118, 119 (2d ed. 1964).

The United States Supreme Court in *Cochrane v. Deener,* 94 U.S. 780, 24 L. Ed. 139 (1877), clearly described a process such as that which is the subject of appellant's patent in the following passage:

> "That a process may be patentable, irrespective of the particular form of the instrumentalities used, cannot be disputed . . . A process is a mode of treatment of certain materials to produce a given result. It is an act, or a series of acts, performed upon the subject-matter to be transformed and reduced to a different state or thing. If new and useful, it is just as patentable as is a piece of machinery. In the language of the patent law, it is an art. The machinery pointed out as suitable to perform the process

> may or may not be new or patentable; whilst the process itself may be altogether new, and produce an entirely new result." *Cochrane, supra* at 787.

The Ninth Circuit Court of Appeals adheres to these rules on process patents. *Elrick Rim Company v. Reading Tire Machinery Co.,* 264 F.2d 481 (9th Cir. 1959).

2. Aggregation Defense

In the district court appellees raised, in their motion for summary judgment, the allegation that, as a matter of law, claim 9 of appellant's patent was invalid for claiming a "mere aggregation of steps old in the art."

At the outset this honorable court should take into consideration that an issued patent, such as appellant's, is presumed to be valid. The burden of establishing invalidity is on the party asserting it. 35 U.S.C. §282. Because of the presumption of validity *all reasonable doubts* on the question of validity are resolved in favor of the patent owner. *Moon v. Cabot Shops, Inc.,* 270 F.2d 539, 541 (9th Cir. 1959); *Patterson-Ballagh Corp. v. Moss,* 201 F.2d 403, 406 (9th Cir. 1953).

In order to prevail on this allegation as a matter of law, it is first incumbent upon appellees to prove beyond all reasonable doubt that there is no genuine issue of material fact on whether *all* of the steps in appellant's process were old in the art. *Coleman Company v. Holly Manufacturing Company,* 233 F.2d 71, 78 (9th Cir. 1956).

Appellees failed in the district court to submit *any* evidence that step 3 of appellant's process was old at the time of the invention which is the subject matter of the patent. Instead, appellees attempted to equate appellant's past practice of passing whole tin cans through

rollers with step 3 of the patented process. There is evidence in the Record that this previous practice of appellant is simply not the same operation as step 3 of claim 9 (see affidavit of Sam Proler, Ex. B). The whole tin cans were put through rollers to flatten them in order to get them in better condition to ship to plants for processing the cans as precipitation iron for use in the copper mines. It is clear that the operation bears no reasonable relationship to step 3 in claim 9, which consists of compacting and balling up *shredded and cleaned steel fragments* as the third and last step in the preparation of a product for use in steel furnaces.

Certainly it is true that reasonable minds might differ on whether these two operations are the same. Therefore, a material issue of fact exists. *Cee-Bee v. Delco, supra; Gunning v. Cooley, supra;* and *Cox v. American Fidelity & Casualty Co., supra.*

Material to this question is the negative fact that appellees, with all the resources at their command, some five years after the first suit on this patent was filed and after depositions had been taken all over the country, failed to cite a single instance where pieces of shredded ferrous scrap have been individually compacted and balled up in the prior art. In *Coleman,* it was held that one of the "pertinent fact questions" to be decided under the rule of the *A & P* case,* was "were *all* of the elements of this device old, well-known, or used in the art when it was patented?" (Emphasis by the Court.)

Since there is at least a material issue of fact on whether step 3 of claim 9 of the Proler patent is new or

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* *Great Atlantic & Pacific Tea Company v. Supermarket Equipment Corporation*, 340 U.S. 147, 95 L.Ed. 162 (1950).

old, appellees were not entitled to summary judgment on their "aggregation" defense.

In addition to their burden of proving beyond a reasonable doubt that there is no fact issue as to whether all of the steps of claim 9 were old in the art, appellees have an additional onerous burden in order to establish the defense of "aggregation" as a matter of law. They are also required to prove that there is no genuine issue of material fact as to whether anything new, useful or unexpected was produced as a result of the combination of the three steps in the Proler patent. *Moist Cold Refrigerator Co. v. Lou Johnson Co.*, 249 F.2d 246, 252, 255 (9th Cir. 1957).

Appellees did not introduce *any* evidence in the court below to the effect that a process existed before the issuance of the Proler patent which contained the three steps set forth in claim 9. Further, appellees were unable to cite a *product* produced before the Proler invention which consisted of pure, shredded steel scrap which had been individually compacted and balled up, so as to constitute a fluent or flowable mass having a density high enough for use in the steel mills. As a matter of fact, all of the evidence which we will hereafter mention leads to the inevitable conclusion that before Sam Proler invented the patented process there was no such product. The product produced by this new process is a new, useful and unexpected result in the art. *Coleman v. Holly, supra* at 79.

In *National Latex, infra,* the Sixth Circuit Court of Appeals held valid a patent on a process for molding a plastic article and stated as follows:

> "We think the judgment should be affirmed mainly because Molitor has obtained *a new product,*

> presenting novel features highly useful in the art, which have received the tribute of the industry by being extensively adopted." *National Latex Products Company v. Sun Rubber Company,* 274 F.2d 224, 239 (6th Cir. 1959), (Emphasis added)

Since the issuance of the appellant's patent, appellees have, by the infringing process, produced a product indistinguishable from that of appellant. The products of appellant and appellees were clearly equated by Dr. Richard E. Burlingame, the appellees' Chief Metallurgist, in his deposition testimony. (Burlingame dep., June 1, 1966, pp. 29-33.)

Appellees' own employees have testified to the new and unusual nature of this product:

(a) Mr. Carl Ablon, President of appellee Luria, after terming appellees' process "new", referred to the product of that process as "the scrap metal of the future." (Ex. J)

(b) In a press release in July, 1966, appellee Luria called the product of the infringing process "a new ferrous scrap metal" and stated that it should "contribute significantly to the nation's beautification effort." (Ex. K)

(c) In another press release in October, 1966, appellees called the infringing process a "significant contribution to the industry" and a "dramatic processing technique." (Ex. L)

(d) In still another press release appellees indicated that their plant in Detroit "represents a major step in converting unsightly junked cars into a useful resource." (Ex. S)

(e) On deposition William R. Magness, Vice President in charge of Research and Engineering for Luria, testified that Lurmet, the product which appellees produce by the infringing process, was considered a superior form of scrap (Magness dep., Oct. 29, 1965, p. 101); that the chemical and physical characteristics of that product are superior to all grades of bundled material, other than the No. 1 bundle (which is not made from obsolete scrap); that it melts faster and hence requires less power input for a given ingot tonnage rate; that it stores better than bundles; that its angle of repose and its density make it a desirable form of scrap; that it lends itself to superior handling because it is more granular in form than, say, a bundle or a piece of structural steel; that it can be conveyed more easily; that it can be poured; that the chemistry of the product is uniform from batch to batch; and that it is essentially free from all non-ferrous or non-metallic material, which is "very important." (Magness dep., Oct. 29, 1965, pp. 101-105).

(f) Dr. Burlingame testified to these same things and enumerated other advantages of the new product. (Burlingame dep., June 1, 1966, pp. 30-35)

(g) Dr. Burlingame testified that the product of Luria (a fluent mass of compact, pure pieces of steel) was an entirely different product from the No. 2 bundle (wherein an entire automobile, for example, is compressed into a large bulky block) (Burlingame dep., June 1, 1966, p. 36). His testimony on deposition on two occasions was that the product was a "new and revolutionary" product in the

scrap industry (Burlingame dep., June 1, 1966, pp. 24, 39).

(h) Mr. Magness testified that one could not reasonably expect to bale this new product because the bale or bundle would not hold together due to the high density of the fragments (Magness dep., Oct. 29, 1965, p. 148).

Under the evidence in this case, the third step in claim 9 is new. The evidence pertaining to the new, useful, and unexpected result above set out clearly creates a genuine issue of material fact in the second requirement of the aggregation defense.

In *Moist Cold Refrigerator* this same issue was held to be a question of fact in the following language:

> "We find that reasonable minds might differ as to whether there was 'a new, useful and unexpected result'; whether or not there was an 'additional or different function'; whether the whole did or did not, in some way, exceed the sum of its parts." *Moist Cold Refrigerator, supra* at 254.

In the *Moist Cold Refrigerator* case, a judgment notwithstanding the verdict in the district court against the patent was reversed and remanded. The patent in that case involved a refrigerator with a separate freezing compartment and a separate cooling compartment operated by a single liquefying unit.

In *Coleman* this court held that one of the "pertinent *fact questions* posed" was (if all of the elements were found old):

> ". . . did they take on 'some new quality or function which produced a new and better result in the room-

> heating art from being brought into concert'? If so, did these elements then contribute to the room-heating art any new and unique quality and distinction which reflect novelty and utility and thus contribute any measurable and substantial advance in that art?" *Coleman, supra* at 78.

The Ninth Circuit Court of Appeals also held to the same effect in *Beatty Safway Scaffold Co. v. Up-Right, Inc.*, 306 F.2d 626 (9th Cir. 1962).

It is clear from the evidence (most of which comes from appellees' own personnel) that the steps of the process of the patent in suit produced a product which was new, useful, and unexpected. Mr. Magness, the Vice President of appellee Luria, and Dr. Burlingame, the Chief Metallurgist for appellees, have amply supplied proof of the benefit which this new product brought to the scrap industry and the fact that it revolutionized the processing of obsolete scrap, which formerly took the form of the No. 2 bundle.

It is abundantly clear that at the very least a material issue of fact has been raised on whether the process of the patent in suit has contributed something new, useful and unexpected to the art.

3. Obviousness

The foregoing discussion on aggregation has been directed to the precise defense raised by appellees in their motion for summary judgment. But appellees themselves seem to recognize that this defense is actually directed toward the statutory standard of invention as expressed in 35 U.S.C. § 103, which is whether

> "the differences between the subject matter sought to be patented and the prior art are such that the

> subject matter *as a whole* would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains." (Emphasis added)

In *Graham v. John Deere Co.*, 383 U.S. 1, 15 L. Ed. 2d 545 (1966) the Supreme Court delineated certain inquiries which it recognized as factual and which bear on the statutory test of non-obviousness. The Record in this case is replete with evidence suporting non-obviousness under these tests, as hereinafter set out, and clearly raises genuine issues of material fact:

a) *The Scope and Content of the Prior Art*

The only prior art relied on by appellee consists of the Gregg process, which did not include step 3 of claim 9, and the use by Sam Proler of rolls to flatten whole tin cans in readying them for shipment to be processed as precipitation iron for the copper mines. There is *no prior art in the record* showing the third step of claim 9, that of individually compacting shredded ferrous scrap particles as a product for steel furnaces.

b) *The Differences Between the Prior Art and the Claims at Issue*

In the Gregg patent and in the process as practiced by Los Angeles By-Products Company step 3 of claim 9 of the Proler patent was not included.

Carl C. Sexton, the President of Los Angeles By-Products Company, made it clear in his testimony that the product produced by the Gregg process ended up in the form of a bundle (Sexton dep., page 36). Mr. Magness, as above pointed out, testified that he doubted that the product of the infringing process could be com-

pacted into a bundle because of its density. He further testified that the cost would be high to prepare a No. 2 bundle having roughly the same chemical characteristics as the product of the infringing process and that he did not consider it practical to try to do so. (Magness dep., Oct. 29, 1965, p. 103).

As discussed previously, Sam Proler's practice of putting whole tin cans between rolls to flatten them for shipment to the processing plant is not the same as individually compacting pieces of shredded steel scrap as the final step in preparing a product for use in the steel mills. (affidavit of Sam Proler, Ex. B).

In the only prior art relied on by appellees the final product was a bundle of scrap. On the other hand, the final product of the process of the Proler patent is a fluent or flowable mass of individually compacted small particles of steel.

c) *The Level of Ordinary Skill in the Pertinent Art*

Los Angeles By-Products Company had many years of experience in the art of scrap processing before Sam Proler's invention, having practiced the Gregg process from 1936 to the beginning of World War II, and for sometime thereafter. (Sexton dep., p. 12). In spite of the advent of World War II, with its big demand for steel products, as testified to by Dr. Burlingame (Burlingame's dep., June 1, 1966, p. 44), Los Angeles By-Products Company substantially abandoned the Gregg process during the War years. It obviously never occurred to them that a product of adequate density for use in the steel mills could be produced by individually compacting the pieces of shredded steel scrap. Instead, they abandoned the Gregg process as an economic failure at a time when

steel scrap was at a premium. They could not even sell it to Los Angeles Steel Casting Company, which was their parent company, and which was in the steelmaking business (Sexton dep., pp. 122-124).

As late as 1957 (shortly after Sam Proler conceived his invention) Mr. William R. Magness, Vice President of appellee Luria, was one of three authors of a report by the Battelle Memorial Institute to the Institute of Scrap Iron and Steel resulting from an extensive study of scrap quality requirements (Ex. A). The study covered various scrap grades available at that time, including the No. 2 bundle. The report particularly noted the difficulties in density, purity and size encountered by the industry in the then only known product of obsolete scrap, i.e., the No. 2 bundle.

Mr. Magness testified that the report indicated that the steel industry was unhappy with the level of quality of the No. 2 bundle (Magness dep., Oct. 29, 1965, p. 16). Nowhere in the report is there a suggestion of the possible use by steelmakers of shredded scrap, much less that shredded scrap should be individually compacted so as to produce a fluent mass of pure, dense steel fragments.

Apparently by the time the Battelle report was made the Gregg process used by Los Angeles By-Products Company back in the '30s and '40s was not considered a possible solution.

Luria had been processing scrap metal for 65 years (R. 13) and was the largest scrap processor in the world at the time of Sam Proler's invention (Derlacki dep., Oct. 29, 1965, p. 152). Luria's personnel had talked about fragmentizing automobiles since approximately 1939

and had studied the Los Angeles By-Products Company operation, including the Gregg process, over a period of nearly twenty years. They had discussed and experimented with the possibility of adopting such an operation, or a variation of it, but decided it was not economically feasible (Ralph Ablon dep., pp. 18-36). Luria's personnel surely must be considered "skilled in the art" of processing steel scrap, but compacting of individual pieces of shredded steel did not occur to them.

d) *Commercial Success*

Sam Proler's innovation with its revolutionary new product (as it was called by Dr. Burlingame in his deposition of June 1, 1966 at pages 24, 39) literally transformed the obsolete steel scrap market. The new product was remarkably clean; therefore, metallic yield in the steel mills was increased. Since it was made up of separate individual pieces it could be readily inspected for impurities, whereas inspection of bundles was almost impossible. It was dense enough to please the steelmakers, being more dense than substantially any other type of purchased scrap available. The charging rate of this new product in the steel furnaces was increased. Melting time was reduced. The facility for handling obsolete steel scrap was highly improved in that it no longer took the final form of cumbersome bundles but was rather a flowable or fluent product which could be poured and conveyed on belts. Because of the characteristics of this revolutionary scrap product, power consumption, flux usage, electrode consumption and breakage, slag production, and refractory wear were all reduced, thereby substantially reducing the cost of steelmaking as compared to the cost when using other types of scrap which had previously been

available (Magness dep., Oct. 29, 1965, pp. 101-105; Burlingame dep., June 1, 1966, pp. 30-35).

The success of the patented process was immediately apparent to appellees. After their futile twenty year search for an answer to the problem, they immediately embarked on a program to emulate appellant's process and product. Having appellant's process as a guide, they had little difficulty in beginning construction of their Los Angeles plant in 1962.

Dr. Burlingame, Chief Metallurgist for appellees, admitted that Luria set out to make a product like Proler's and that it would have been very difficult to duplicate it by more conventional means (Burlingame dep., June 1, 1966, pp. 34-35).

Luria found out how difficult it was. In emulating Sam Proler's invention, appellees originally contemplated a three step process (Ex. Q). In order to obtain the dismissal of the declaratory judgment suit in Houston, Mr. Derlacki swore that appellees' plant was completed, that the operation was "highly satisfactory," that they were not employing the individual compacting step (Sam Proler's step 3) and that they had no plans to do so in the foreseeable future (Ex. F). There followed a time during which appellees operated without step 3.

It is now apparent that during this period of time appellees' process was *not* operating satisfactorily as sworn to by Mr. Derlacki. Throughout this period they kept changing grate sizes in their hammer mill (R. 21, 22). They found that when they used small grate openings the product was dense enough, but the equipment would not hold up. When they used large grate openings, the equipment lasted longer, but the product density was too low. There-

fore, scarcely one year after the dismissal of the Houston suit, appellee Luria shut down and began installation of equipment in its Los Angeles plant for returning the larger, lower density pieces to the hammer mill, which Mr. Derlacki had so recently sworn appellee Luria had no intention of doing (Burlingame dep., June 1, 1966, pp. 16-22). Thus appellees tried for a year to produce the product they later called "new and revolutionary" by a non-infringing process, but Luria finally found it was necessary to go to the process which included Sam Proler's third step. In employing the step, Luria individually compacted and balled up the shredded steel pieces by returning them to the hammer mill.

Conclusive evidence of the wide acceptance of the product of the patented process is the fact that in 1957 appellant had only one plant (in Houston) to produce scrap for the steel mills, whereas at the time of the hearing on the summary judgment it had completed plants to practice the patented process in Houston, Los Angeles, Chicago, Kansas City, New York and Boston and had one under construction in London, England. These plants can process, in addition to all other scrap, over one million junk automobiles per year. The product commands a price equal to or better than the best scrap previously available (affidavit of Sam Proler, Ex. B). Additionally, appellees have constructed large plants in Los Angeles, Detroit and Cleveland to carry out the infringing process.

e) *Evidence of Long Felt and Unsolved Need*

The Battelle Study and Report have previously been discussed. This report, which was co-authored by Mr. Magness, demonstrated the need for a pure, more dense product from obsolete scrap as late as 1957. It further

demonstrated the need for a product easier to handle than the cumbersome No. 2 bundle.

Mr. Magness testified that "it had been recognized for many years, that there had to be a better way of processing scrap than the No. 2 bundle" (Magness dep., Oct. 29, 1965, p. 25).

An undisputed fact in the Record is that the acceptability of the No. 2 bundle (which was the product of obsolete scrap before Sam Proler's invention) was steadily declining (Derlacki dep., Nov. 1, 1965, p. 152; Ralph Ablon dep., pp. 41-43).

The need for a better product from obsolete scrap than the No. 2 bundle was emphasized during World War II when raw materials for making steel were in relatively short supply (Burlingame dep., June 1, 1966, p. 44). Dr. Burlingame further testified that if steel mills in 1940 had been able to obtain an individually compacted and balled up scrap in flowable form, there would have been a ready market for it (Burlingame dep., June 1, 1966, p. 45).

Documentary evidence of the need for an acceptable product made up of obsolete scrap for the steel mills, written in 1935, is in the Gregg patent introduced by appellees (R. 340), wherein it was stated generally that major problems in obsolete scrap were lack of purity, bulkiness in the usual bundle and low density. So in 1935 it was recognized by Gregg that the identical problem subsequently solved by Sam Proler's invention of the patent in suit then existed.

Ralph Ablon, President of Ogden Corporation, the parent of appellees, testified at length to the extreme

measures undertaken by Luria to solve this need. Included in this was the purchase of a large hammer mill which Luria kept in its crates for a long period of time while Luria personnel studied the possibilities of using that mill to produce a satisfactory shredded product. Appellee gave up on that project and that mill was never used for that purpose. Instead, appellees bought a shear in the mid 40's at a cost of *over one million dollars* to cut up automobile bodies in preparation of an obsolete scrap product and, in the words of Mr. Ablon "it didn't work out" (Ralph Ablon dep., pp. 22-24).

Thus the existence of the long felt and unsolved need is amply demonstrated.

f) *The Failure of Others to Solve the Problem*

The Battelle Report of 1957 showed that as of that time the problem had not been solved. Evidence above outlined conclusively shows that Los Angeles By-Products Company and appellee Luria had failed in their attempts to solve this problem.

Thus, as to each of the six fact inquiries stated by the Supreme Court in *Graham v. Deere* to be relevant on the obviousness test, the record contains substantial evidence which is clearly sufficient to raise genuine issues of fact material to patentability under 35 U.S.C. §103.

Surely where a need existed (as it did) for a solution to the obsolete scrap problem, one skilled in the art, having before him the knowledge, tools and equipment available at the time, would have been able to use those tools to create the process of this invention, *if it had been obvious at that time*. But Los Angeles By-Products Company and Luria were both skilled in the

art, and both had knowledge of the same prior art now presented and which was available to Sam Proler. Yet for twenty years or more neither they nor the many others in the field came up with the solution. In *Subtests of "Nonobviousness"* a law review article cited by the Supreme Court in *Graham v. Deere,* the author states: "Existence of the defect creates a demand for its correction, and it is reasonable to infer that the defect would not persist were the solution 'obvious' ". 112 U. Pa. L. Rev. 1169, 1172.

In *United States v. Adams,* 383 U.S. 39, 15 L. Ed. 2d 572 (1966) decided the same date as *Graham v. Deere,* the Supreme Court sustained the validity of a patent on a battery which combined old elements. In finding that the invention was not obvious, the court relied in part on the fact that to combine these elements as the patentee did would have required that a person skilled in the art ignore known and accepted factors which would ordinarily deter any investigation into the combination used by the inventor. *Adams, supra* at 51, 52. Similarly, in this case, persons knowledgeable in the art of scrap processing, in order to solve the need, would have had to ignore the fact that in the only known previous attempt to produce a fragmentized scrap for consumption by the steel mills (the Gregg process) it was necessary to make bundles as the end product in order to achieve the necessary density, and that previous attempt had proven an economic failure.

This court has recognized that an accused party's copying of the complainant's invention is evidentiary on nonobviousness. *Troy Company v. Products Research Co.,* 339 F.2d 364, 367 (9th Cir. 1964). After the Derlacki affidavit appellees tried for approximately one year to produce the product called "Lurmet" without sending

the shredded, less dense pieces through the hammer mill to individually compact and ball them up. In April, 1965, however, for economic reasons, they were forced to go to a process which infringed that of the Proler patent. Dr. Burlingame admitted in his deposition that appellees, when they started preparing a new process for producing obsolete steel scrap, intended to come up with a process that was comparable to the Proler process (Burlingame dep., June 1, 1966, pp. 34-35). To assist them in preparing such a comparable process, on February 15, 1961 one of appellees' employees made four pages of sketches (Ex. G) of the plant of appellant in Kansas City, and on January 19, 1962, John L. Crum, an employee of appellee Luria, wrote an extensive report including drawings (Ex. H) on the construction of the Kansas City plant. On March 5, 1962, Mr. Robert R. Young, one of appellee Luria's engineers, wrote to a Mr. Jenkins and requested him to obtain additional information from the Kansas City plant, although he realized that "there may be some reluctance on the part of the operators to divulge information". (Ex. I).

The Supreme Court of the United States in passing on the validity of the patent in the *Adams* case recognized that a factor bearing on the question of obviousness was the fact that experts in the field of that patent had subsequently recognized the significance of the Adams invention, "some even patenting improvements on the same system". *United States v. Adams, supra* at 52. To this same effect is *Zegers v. Zegers, Inc.*, 365 F.2d 156, 161 (7th Cir. 1966). Williams Patent Crusher & Pulverizer Company, the company which has built most of the heavy machinery used in the three plants of appellees to practice the process of the patent in suit, in

1966 obtained a patent on a hammer mill designed specifically to accomplish the third step of plaintiff's process, i.e., "individually compacting the ferrous fragments by rolling up the fragments into compact nuggets to increase the product density thereof while maintaining the product in a fluent condition" (Ex. P, column 1, lines 17-20).

In *Zegers* a factor considered by the court in showing the non-obviousness of the invention was the fact that ". . . the evidence does show that the defendant had struggled with the solution to a problem already solved by the plaintiff." *Zegers, supra* at 161. The Record in this case, as outlined above, certainly includes this same factor on non-obviousness.

All this evidence bearing on the non-obviousness of Sam Proler's invention stands uncontroverted in the record.

4. The Court's Findings of Fact and Conclusions of Law on the Defense of Aggregation and Obviousness

The basic finding by the court relating to this defense is number 3, which reads: "Claim 9 of the Proler reissue patent recites nothing more than the known functions of apparatus old in the art." This finding is erroneous on summary judgment because there is at least a genuine issue of material fact on whether claim 9 describes "nothing more than the known function of apparatus old in the art."

Finding 3.1 is immaterial to any finding of invalidity because it refers only to machines which might be used to practice the patented process rather than to the steps of claim 9.

Finding 3.2 is immaterial to any finding of invalidity because it refers only to machines mentioned in the patent

as suitable for use in practicing a preferred embodiment of the patented process. The patent covers a new process, not new equipment.

Finding 3.3 is erroneous in fact in that neither a hammer mill, nor *magnetic* separation, is mentioned in claim 9.

Finding 3.4 is erroneous in fact in that the words "into a suitable storage bin" indicate that the product of the Gregg process might have been left in loose form as a product, whereas the Record is undisputed that the product of the Gregg process always ended in a bale or bundle (Sexton dep., p. 36).

Finding 3.5 is erroneous in fact if it implies that Sam Proler was familiar with rolls "and their function" in individually compacting and balling up shredded ferrous scrap prior to his invention, because there is no evidence of this in the Record.

Finding 3.6 is erroneous in fact in that it states that in the quotation Sam Proler was discussing the function of rolls. To the contrary, he was discussing compacting and balling up his first experimental sample with a hand tamp on the concrete floor. On that same page (171) of his deposition he denies that at that time he had even thought of rolls as a means of practicing that step. He makes it clear that as of that time he only had the idea *generally* of compacting the individual pieces (Proler dep., p. 171).

Finding 3.7 is erroneous in fact because claim 9 does not mention a hammer mill, a magnetic separator, or rolls. Further, there is no evidence in this Record that compacting shredded ferrous fragments was a "known function" of rolls at the time of the invention.

Conclusion of law No. 1, which is intended to relate to appellee's defense of "aggregation" is erroneous in that

(a) there is a genuine issue of material fact on whether claim 9 describes "nothing more than the known functions of apparatus old in the art;"

(b) there is a genuine issue of material fact on whether the third step in claim 9 is old;

(c) there is a genuine issue of material fact on whether the steps in claim 9, in combination, produce a result which is "unexpected, unusual, or surprising" to a person of ordinary skill in the art;

(d) it refers to the equipment which may or may not be used to perform the three steps, rather than to the steps themselves; and

(e) the conclusion misstates the law in that the validity of a process patent does not depend on novelty of equipment, and it ignores 35 U.S.C. §103 on non-obviousness.

There is no conclusion of law to the effect that the invention which is the subject of appellant's patent was obvious at the time it was made. Further, there are no findings of fact relating to the six subtests of non-obviousness as laid down by the Supreme Court in *Graham v. Deere.*

5. Summary on Aggregation and Obviousness

There are genuine issues of material fact raised by the evidence on

(a) whether step 3 in claim 9 of appellant's patent is old or new;

(b)whether the process of claim 9 produced a "new, useful, and unexpected result"; and

(c) whether the process of claim 9 as a whole was obvious to one skilled in the art.

Therefore appellees failed to sustain their burden on motion for summary judgment and the judgment of the lower court should be reversed and remanded.

D. The Infringement

Specification of Error No. 2 restated:

The district court erred in holding on summary judgment that appellees' process does not infringe appellant's patent because there was evidence before the court sufficient to raise genuine issues of material fact as to infringement.

1. The Claim at Issue and Appellees' Process

Claim 9 (R. 339) of appellant's process (broken into subparagraphs for clarity) reads as follows:

9. Process of refining a raw ferrous bearing scrap material comprising
   1) shredding the raw material,
   2) separating the more ferrous bearing shredded material from the less ferrous bearing shredded material, and
   3) individually compacting and balling up the pieces of the more ferrous bearing shredded material

   to densify it while maintaining the individuality of the separate pieces, whereby a fluent mass is obtained.

The claims of the patent provide the concise, formal definition of the invention. It is to these claims that the court must look to determine whether there has been infringement. *Yale Lock Manufacturing Company v. Greenleaf,* 117 U.S. 554, 559, 29 L. Ed. 952 (1886); *Smith v. Snow,* 294 U.S. 1, 11, 79 L. Ed. 721 (1935).

Appellees process the identical raw material described in the patent (Ex. T). This consists of what is known as obsolete scrap, largely made up of old automobile bodies, refrigerators and stoves.

Appellees' process consists of the following (Ex. T):

1) shredding the raw material,

2) separating the more ferrous bearing shredded material from the less ferrous bearing shredded material, and

3) individually compacting and balling up the pieces (up to 45%, Schroeder dep., p. 92) of the more ferrous bearing shredded material

to densify it while maintaining the individuality of the separate pieces, whereby a fluent mass is obtained.

Appellees use a hammer mill to shred the material into fragments in step one. They use magnetic drums and hand-picking to separate the ferrous fragments from the non-ferrous material (Derlacki dep., March 28, 1963, pp. 9, 10).

Appellees perform the third step in appellant's process by culling out up to 45 per cent of the shredded fragments, those which are largely sheet steel and which are not com-

pact enough to give the necessary density (Derlacki dep., Nov. 1, 1965, p. 58). These thousands of culled-out pieces are then conveyed to the hammer mill by a conveyor belt and are fed into the hammer mill with the original charging material (Derlacki dep., Nov. 1, 1965, pp. 23-28). These pieces are on the order of six inches to ten inches in size in their largest dimension (Burlingame dep., Oct. 30, 1965, p. 52). When they are introduced into the mill, the action and counter-action of the large, five inch faced hammers (Magness dep., Oct. 29, 1965, p. 71), the sides of the mill, the large, heavy rotor and the bulky original charging material all combine to compact and ball up individually these previously shredded fragments (Ex. T, Sam Proler dep., pp. 26, 28-30).

(Appellees refer to this third step of their process as "recycling." However, this term is misleading in that the fragmented pieces are for the first time put into the hammer mill as *fragments* in this third step (Derlacki dep., Nov. 1, 1965, pp. 23-28.))

2. Evidence of Infringement

This court has held that ordinarily it is up to the jury to determine whether the process used by defendants is identical to or at least equivalent to the process defined by the claim at issue. *Moist Cold Refrigerator, supra* at 255.

There are no special circumstances in this case which will allow taking this fact issue from the jury. On the contrary, the Record contains fact after fact in support of appellant's charge of infringement, far more than necessary to raise a genuine issue of material fact.

Appellees admit that they perform the first two steps of the process (Derlacki dep., March 28, 1963, pp.

9, 10). Thus the only controversy is as to the third step. The following are examples of the evidence in the Record showing (a) that the appellees found it necessary to employ step 3 of Claim 9, i.e., compacting and balling up the individual pieces of fragments in order to achieve sufficient density, and (b) that they achieve this result by sending these fragments through the same hammer mill which they use to shred the car bodies, stoves and refrigerators into fragments:

1) Dr. Burlingame, Luria's Chief Metallurgist, admitted that the third step was needed in order for appellees to produce a satisfactory product (Burlingame dep., p. 22);

2) Mr. Magness, Luria's Vice-President in charge of this operation, admitted in writing to Bethlehem Steel the necessity and purpose of the "recycling" operation by remarking "Due to necessity of recycling in order to produce final product . . . ." (Ex. N);

3) Robert R. Young, appellee Luria's Engineer, admitted in writing, based on his personal observation of the action of a hammer mill on shredded steel fragments, that such fragments when run through a hammer mill were reduced to "tightly compacted nuggets" (Ex. D);

4) Luria admitted in an interoffice memo (Ex. M) covering the Luria pilot plant operation at Williams Patent Crusher & Pulverizer Company in St. Louis, consisting of a hammer mill for shredding, a magnetic separator, and a second hammer mill for compacting, that the hammer mill called "nuggetizer" was used to compact and ball up the shredded pieces as follows:

"After a vibrating conveyor has removed the material from the fragmentizer, it passes through a magnetic separating stage where the non-metallics are removed. Then the next stage conveyor takes this to a nuggetizer. *The function of the nuggetizer is not to further shred the product but to compact it and reduce its size. Basically, this is taking a piece and trying to fold it up into a smaller piece which increases density and improves its conveying and handling properties.*" (Emphasis added)

The "nuggetizer" referred to in the above memorandum was a hammer mill (Burlingame dep., June 1, 1966, pp. 13, 14);

5) Mr. Magness referred in writing to Luria's "new scrap processing method" for producing "nuggetized scrap of consistently higher physical and chemical quality than currently available grades of scrap." He further equated "recycling" the material in the hammer mill with the use of a "nuggetizer" (hammer mill) when he stated, "Install first half of processing line capable of fragmentizing material at design rates *and capable of acting as nuggetizer by recycling material.*" (Ex. N) (Emphasis added);

6) Dr. Burlingame admitted on deposition that his superiors had told him not to use the terms "compacting" or "balling up" (the terms used in claim 9) as descriptive of what happened to the shredded scrap fragments when they were sent through the hammer mill (Burlingame dep., June 1, 1966, p. 37);

7) Luria released a photograph of a workman holding up a piece of its product which was advertised as "compact." The photograph shows that appellees' advertising was accurate (Ex. S);

8) the affidavit by Dr. Hassialis, appellees' expert, in connection with their motion for summary judgment does not even mention whether there is compacting or balling up (substantial or otherwise) of the shredded pieces when they are sent through the hammer mill (R. 345-359);

9) the affidavit of appellant's expert, Dr. Pennington, however, states that his examination of appellees' product showed a substantial amount of the pieces compacted and balled up (Ex. T);

10) both Mr. Magness and Dr. Burlingame admitted on deposition that there was some compacting of the shredded steel fragments which were sent through appellees' hammer mill (Burlingame dep., June 1, 1966, pp. 26-27; Magness dep., Oct. 29, 1965, p. 77);

11) in the district court appellees filed three briefs. In none of them do they deny that there is compacting and balling up of the shredded fragments run through the hammer mill;

12) Mr. Williams, who designed and built most of appellees' equipment used in the process, obtained a patent in November, 1966 (Ex. P) on a hammer mill in which he described the action of that hammer mill on shredded ferrous scrap as "individually compacting the ferrous fragments by rolling up the fragments into compact nuggets to increase the product density thereof while maintaining the product in a fluent condition." (The similarity of the language in claim 9 of the Proler patent and that in the later Williams patent is striking.):

13) Luria's Research and Planning Division anticipated compaction in a hammer mill which they originally planned to use as a "nuggetizer," as follows: "The next step (the third step) involves further reduction of the ferrous fragments and their compaction in the Nuggetizer." (Ex. Q) (Comment in parentheses added.);

14) Sam Proler, appellant's President, who has been in the scrap business all his life, and who has had much experience with hammer mills, testified that there are numerous ways to accomplish the third step of claim 9 of the Proler patent. He testified unequivocally that one way would be to send the shredded fragments through a hammer mill, either the same one used for shredding the car bodies, stoves and refrigerators, or another one (Proler dep., pp. 26, 28, 29). Mr. Proler testified as follows:

> "I would say the pieces that have been through the shredder one time and shredded, when you run them through one time again, it is balled up, beat up, crumpled up and made smaller more dense, because when you put the car, the refrigerator or stove, or whatever you are shredding with it that goes through, these pieces are small enough to get beat up, balled up and crumpled up, as they are already small pieces, and I would say there is no such subdividing or tearing action as such, but a balling up and individually compacting the pieces that fall back through the hammer mill in a smaller more dense size." Proler dep., *supra* at 30.

15) The fact that appellee Luria filed the Derlacki affidavit to obtain the dismissal of the declara-

tory judgment suit in Houston, and stated therein that they were not "recycling" the shredded pieces and had no plans to do so, or to "compact the individual particles of the product in the foreseeable future" was an admission that if they did "recycle" the pieces they would infringe (Ex. F).

The foregoing evidence shows the need found by appellees for the third step in their process. This evidence further raises a genuine issue of material fact whether in that third step appellees, when they send the shredded fragments through their hammer mill, achieve the individual compacting and balling up of those fragments to densify them, while maintaining the individuality of the separate pieces, whereby a fluent mass is obtained. It was error to decide this issue on summary judgment, since it was clearly a fact issue for determination by the jury.

Appellee's statement that they do not use rolls to accomplish the third step of claim 9 is beside the point because the courts have consistently held infringement of a method patent is not dependent on the form of the apparatus used. *Smith v. Snow, supra; Binks Manufacturing Company v. Ransburg Electro-Coating Corporation,* 281 F.2d 252, 258 (7th Cir. 1960).

As stated by the Ninth Circuit Court in *Kemart Corp. v. Printing Arts Research Laboratories,* 201 F.2d 624, 629 (9th Cir. 1953): "The test of identity or equivalence of two processes is not the apparatus or materials used but whether they involve identical or equivalent steps." On this same subject, the Supreme Court in *Cochrane* held that it is the step in the process which is important, not the means used to achieve that step:

> "If one of the steps of a process be that a certain substance is to be reduced to a powder, it may not be at all material what instrument or machinery is used to effect that object, whether a hammer, a pestle and mortar or a mill. Either may be pointed out; *but if the patent is not confined to that particular tool or machine, the use of the others would be an infringement, the general process being the same.* A process is a mode of treatment of certain materials to produce a given result. It is an act, or a series of acts, performed upon the subject-matter to be transformed and reduced to a different state or thing." *Cochrane, supra* at 787 (Emphasis supplied.)

Claim 9 of the patent in suit does not call for rolls to perform the third step, although other claims in the patent, not in issue, do so. The limitation of those other claims should not be read into this claim. *Stearns v. Tinker & Rasor,* 252 F.2d 589, 597 (9th Cir. 1957).

The allegation by appellees that in their third step they merely "subdivide" the shredded pieces is without merit in that it is contrary to what their own people have said from personal observation regarding the action of a hammer mill on shredded fragments (Ex. D, for one example). This alone is enough to raise a fact issue. Appellees seek to rely on the affidavit of Dr. Hassialis for this allegation, but their own expert's affidavit, written expressly for this motion for summary judgment, fails to support them. First, it doesn't even inform the court whether or not the fragments are compacted and balled up in appellees' third step. Further, it fails to advise the court whether or not most of the additional pieces which Dr. Hassialis counted were merely small chips knocked off the larger fragments, leaving the latter substantially intact and compacted.

The fragment pictured in Exhibit S (claimed by appellees in their advertising to be representative) is not only intact, but is obviously compact and balled up.

Appellees' allegation that if some "subdivision" takes place in their third step, they do not, within the meaning of claim 9 "maintain the individuality of the separate pieces" is unsupported by the evidence.

Appellees maintain "the individuality of the separate pieces" within the meaning of that language as used in claim 9. Consideration of the history of prosecution of the applications which resulted in this patent makes it clear that language was added to the claims solely for the purpose of distinguishing over the prior art baling or bundling operations. The language was first used in claim 7 of application serial No. 677,514 (R. 383). When that claim was added, appellant's attorney who was prosecuting the application pointed out to the Patent Office that one of the novel features was: "The compacting of the pure concentrated material without destroying its fluent state." (R. 384). It was then pointed out that the compacting operation defined by the claims differs from those of the prior art Westberg and Gregg patents in that each of those compacted their material into solid bundles or bales. (R. 386) Therefore, it is baling or bundling, or other operations which cause separate pieces to adhere together, which are excluded, and not operations which may also include some subdivision.

The law in this circuit is to the effect that it is up to the trier of fact, in this case the jury, to decide how a term in a claim should be interpreted. *Moist Cold Refrigerator, supra* at 255, 256. It is submitted that the foregoing evidence makes it clear that at least a genuine issue

of material fact exists as to the meaning of the term "maintaining the individuality of the separate pieces," as used in claim 9.

Further, the claims of a patent are not to be construed with legalistic rigidity. ". . . a patentee has the right to use such words as to him best describe his intention, and they will be so construed as to effectuate that result." *Bianchi v. Barili,* 168 F.2d 793, 799 (9th Cir. 1948).

Although appellees do not deny the evidence in the case on infringement, and despite the many statements of their personnel to the effect that the infringing process and the product thereof are new and revolutionary in the art of scrap processing, they contended in the court below that in sending the shredded steel fragments through the hammer mill they were merely "recycling" as had been done in the past. For this, however, they rely only on the textbooks referred to in Dr. Hassialis' affidavit (R. 345-359). These texts are not in point because they deal only with processes for treating rock or other brittle materials. As pointed out by Dr. Pennington in his affidavit these texts nowhere deal with the processing of shredded fragments, largely made up of sheet steel, or any material remotely similar thereto. Further, there is no mention in the texts of producing "a fragmentized product of a particular density." (Ex. T).

Back in 1963 when appellant brought its suit for declaratory judgment against appellee Luria, Luria's personnel had no hesitancy in admitting that if they put shredded fragments into their hammer mill it would be for the purpose of obtaining a higher density (Derlacki dep., March 28, 1963, pp. 73, 74; Magness dep., March 28, 1963, pp. 31, 32). Later, in order to obtain a dismissal of the declaratory judgment suit, Mr. Derlacki

swore in February, 1964, that appellee Luria had no plans "to recycle any of its product or to compact the individual particles of the product in the foreseeable future."

In April, 1965, however, appellees were obviously forced to add the third step, which they had originally contemplated. The present action followed and thereafter appellees sought some reason to excuse their change to a process which Mr. Derlacki had sworn they had no intention of using. It was then that for the first time they had brought to their attention the textbooks on machinery for processing rock and ore (R. 349-359, and Derlacki dep., Nov. 1, 1965, pp. 96-97). They decided that henceforth they would seek to use these texts to excuse sending the shredded fragments through the hammer mill as a mere efficiency step.

3. The District Court's Findings of Fact and Conclusions of Law on Infringement

The basic finding of fact upon appellees' defense of non-infringement is number 4: "Defendants' accused process does not infringe claim 9 of the Proler reissue patent." This finding is erroneous on summary judgment because a genuine issue of material fact exists on whether appellees' process infringes claim 9.

The subsidiary findings to number 4 are 4.1 through 4.8.

Findings 4.1 and 4.2 are not material to support a finding of no infringement. They are material only to show the unsuccessful efforts by appellees to avoid infringement, after the declaratory judgment suit had been dismissed on the basis of the Derlacki affidavit.

Finding 4.3 is erroneous because it is contrary to the evidence, insofar as it purports to find that appellees after April, 1965, produced Lurmet in the same density range as *all* of the product made before April, 1965. The Record is clear that when Luria produced the product *before* April, 1965, with grate openings comparable to what they now use, it was unable to produce a product of sufficient density to satisfy its customers (Burlingame dep., June 1, 1966, pp. 16-17).

Finding 4.4 is erroneous because it misstates appellant's charge of infringement when it refers to "the function" of the hammer mill and "the function" of the rolls. Appellant charges that the action of the hammer mill on the previously shredded steel fragments is that of "individually compacting and balling up the pieces of the more ferrous bearing shredded material to densify it while maintaining the individuality of the separate pieces." The same result may be obtained in this step by the use of rolls, by hand tamping, or by countless other means which could be employed (Sam Proler's dep., pp. 167-172).

Finding 4.5 is erroneous because it is vague and indefinite. It refers to "material" fragmentized and "recycled" in a hammer mill. If "material" is intended to refer to shredded scrap fragments, it is erroneous, because there is no evidence in the Record of such a prior use. If it is not intended to refer to shredded scrap fragments, it is immaterial.

Finding 4.6 is erroneous because it is immaterial. A process claim may not be limited to equipment disclosed as useful in performing the steps of the claim.

Finding 4.7 is erroneous because:

a) it includes a finding that appellees' hammer mill shreds and subdivides the shredded fragments when they are fed into it, whereas there is a genuine issue of material fact on this, in that there is evidence that appellees' hammer mill individually compacts and balls up the shredded fragments when they are processed through it in the third step;

b) it includes a finding that "while maintaining the individuality of the separate pieces" as used in claim 9 was intended to exclude any subdivision of the shredded pieces, whereas there is a genuine issue of material fact on this, in that there is evidence from the file history that the words "while maintaining the individuality of the separate pieces" as used in claim 9 were intended to exclude any baling or bundling operation, whereby the pieces would be rendered adherent to one another rather than free and individual; and

c) it refers to the "function of the rolls" in the patent, whereas claim 9 is not in any way limited to the use of rolls for performing the third step.

Finding 4.8 is erroneous in fact. While Sam Proler did not deny there might be some incidental subdivision of the previously shredded fragments when processed in the hammer mill in appellees' third step, his testimony was that the effect of so processing those fragments was to individually compact and ball them up (Sam Proler's dep., pp. 26, 28-30).

Sam Proler clearly differentiated step 1 of appellees' process, wherein whole automobile bodies, stoves and refrigerators are hit by the five inch wide hammers and shredded into fragments (Sam Proler's dep., p. 43) and

step 3 of appellees' process, whereby the shredded fragments, six inches to ten inches in their largest dimension, are processed through the hammer mill and subjected to the five inch wide hammers (Sam Proler's dep., pp. 26, 28-30).

Conclusion of law 2 is erroneous on summary judgment, because it assumes that there is only shredding of the ferrous scrap fragments when they are run through appellees' hammer mill, whereas appellant presented ample evidence to the contrary. The Record presents a material issue of fact on this.

Conclusion of law 2 is factually erroneous in stating that rolls are described in the third step of claim 9, because they simply are not.

Conclusion of law 2 is erroneous as a matter of law because it compares the equipment used in appellees' process with the equipment used in appellant's commercial process rather than comparing appellees' process with the process of claim 9.

Conclusion of law 2 is erroneous in that by implication it concludes that the words "while maintaining the individuality of the separate pieces" as used in Claim 9 of Appellant's patent were intended to exclude subdivision of the pieces, whereas there is a genuine issue of material fact on this, in that the file history shows the language was intended to exclude a baling or bundling operation.

Conclusion of law 3 is erroneous because it describes the language of claim 9 as "functional" when no evidence whatsoever on this point has been presented to the court.

Conclusion of law 3 is further erroneous as a matter of law because 35 U.S.C. § 112 does not limit the cover-

age of a step in a process claim to the *equipment* disclosed in the specification or equivalents thereof.

Conclusion of law 3 is further erroneous in that at least a genuine issue of material fact is raised on infringement.

Conclusion of law 3 is further erroneous in that it finds by implication that the shredded fragments are sent through the hammer mill "for further shredding and subdivision," whereas there is a genuine issue of material fact on whether the fragmented pieces are sent through the hammer mill for individually compacting and balling them up, while maintaining their individuality, whereby a fluent mass is obtained.

4. Summary on Infringement

It is indisputable in this case that appellees studied appellant's patent and process and determined to copy it. At first appellees intended to have a three-step process, in which a hammer mill would be used to shred the obsolete scrap, magnetic drums would be used to separate the ferrous fragments from the non-ferrous material, and a second hammer mill (termed a "nuggetizer") would be used to individually compact and ball up the shredded steel fragments (Ex. Q). In an effort to conceal their infringement, they decided to omit what Dr. Burlingame called the "discrete" piece of equipment, which was a second hammer mill (Burlingame dep., June 1, 1966, p. 36), for performing step 3. They contemplated instead resorting to the more devious method of processing up to 45 per cent of the shredded fragments in the same hammer mill which they used to shred the original charging material.

They were delayed in inaugurating this third step by the fact that Mr. Derlacki, in order to get the declaratory judgment suit dismissed in Houston, had sworn on February 18, 1964, that they would not employ it.

As has heretofore been shown, however, a little over one year after Mr. Derlacki's affidavit appellees found it economically undesirable to continue without the third step and decided to risk this patent infringement suit by putting the third step of claim 9 in their operation.

E. The Invention Claimed by the Reissue

Specification of Error No. 3 restated:

The district court erred in holding on summary judgment that the Proler reissue patent was invalid as not claiming the invention disclosed in the original patent for the reason that there was evidence before the court sufficient to raise genuine issues of material fact as to this defense.

Appellant's original patent No. 2,943,930 was issued on July 5, 1960. (R. 338) All of the claims of that patent specified at least two different operations for accomplishing the step of separating the ferrous fragments from the non-ferrous materials. In each claim roasting was mentioned as a way to accomplish that step.

Shortly after the original patent issued, it was realized that the claims would not clearly read on all of the known ways of purifying, or separating the ferrous materials from the non-ferrous materials, and that it would be necessary to reissue the patent with claims in which the purifying operation was more broadly defined (R. 495). Thus on

December 5, 1960, Mr. Proler applied for a reissue of that patent (R. 484). He filed an oath (R. 495) in which he stated that, through error, the original patent did not include claims broad enough to provide full protection to the invention, setting forth the nature of the error. This application was granted, and the patent in suit, Reissue patent No. Re. 25,034, was issued on August 29, 1961. The only difference between the original and the reissue patents is the addition of claim 9 and claim 10 in the reissue patent which do not specify roasting as a way to achieve the purifying step. (R. 339).

In considering the validity of this reissue patent, certain provisions of the statute are pertinent:

> "Whenever any patent is, through error without any deceptive intention, deemed wholly or partly inoperative or invalid, by reason of a defective specification or drawing, or by reason of the patentee claiming more or less than he had a right to claim in the patent, the Commissioner shall . . . reissue the patent for the invention disclosed in the original patent . . . ." 35 U.S.C. § 251.

Appellees do not deny that the original patent was "partly inoperative . . . by reason of the patentee claiming . . . less than he had a right to claim in the patent . . . ." 35 U.S.C. § 251. Appellees' allegation that claim 9 of the reissue patent is invalid because the invention claimed therein is not "the invention disclosed in the original Proler patent" (R. 282), was not established in the court below.

From the reissuance of a patent it is to be presumed that the law was complied with, and the decision of the Commissioner of Patents in this regard will not be re-

viewed "unless the matter is manifest from the record." *National Nut Co. v. Sontag Chain Stores Co.,* 107 F.2d 318, 330 (9th Cir. 1939), *rev'd on other grounds,* 301 U.S. 281, 84 L. Ed. 1204 (1940); *Topliff v. Topliff,* 145 U.S. 156, 171, 36 L. Ed. 658 (1891).

In *Topliff,* the Supreme Court approved a reissue claim in which one element had been omitted and another one added, stating that the reissue statute is to be liberally construed, "to secure to inventors a monopoly of what they have actually invented or discovered" *Topliff, supra* at 171.

In considering whether reissue patent claims are merely a broadening of the original claims as opposed to claims for a different invention, it should be kept in mind that

> "there is a distinction well marked between reissues broadening the claims of the original, but confined to the invention therein exhibited, which the courts sustain, and reissues that depart from the invention exhibited in the original and included under its statement of invention". *National Nut v. Sontag, supra,* at 331.

In the case of *Handel, infra,* the Court of Customs and Patent Appeals in 1963 held:

> *"The whole purpose of the statute, so far as claims are concerned, is to permit limitations to be added to claims that are too broad or to be taken from claims that are too narrow.* That is what the statute means in referring to 'claiming more or less than he had a right to claim'." (Emphasis Added) *Application of Handel,* 312 F.2d 943, 948 (C.C.P.A. 1963).

That court further stated in *Handel* that it was improper to look at the *claims* of the original patent to see

what the applicant intended to cover, since such claims are necessarily more limited. The court stated that the intent should be determined from the *specification* of the original patent, and particularly the *statement of objects of the invention.*

The Second Circuit Court of Appeals described in considerable detail the type of information which must be considered in determining whether the reissue claims are for the invention disclosed in the original patent. *Monogram Mfg. Co. v. Glemby Co.,* 136 F.2d 961 (2nd Cir. 1943). In *Monogram,* the court considered that it was material that (1) the originally stated *objects of the invention* made no reference to the particular element which was omitted in the reissue claims, that (2) the original specification stated that the *embodiment shown* in the drawings and described therein was a *preferred embodiment* of the inventive idea, that (3) the specification further stated that it was *not desired to be limited to the particular forms described and illustrated* since many changes and modifications might be made without departing from the spirit or scope of the invention; and that (4) the *prior art showed the specific element which was omitted* from the broadened claims. *Monogram v. Glemby, supra* at 963.

Every one of these facts was before the court in the present case:

(1) The paragraph of the patent which briefly describes the invention does not limit the invention to a roasting operation:

> "This invention pertains to refined scrap and a method of making same; more particularly it pertains to a process of upgrading contaminated ferrous

scrap to make a product more suitable for charging directly or indirectly into a furnace for making iron or steel such as an open-hearth furnace, blast furnace, electric furnace, cupola type furnace, for example." (Col. 1, lines 15-21. R. 338)

The objects of the invention are stated as follows:

"A particular object of the invention is to convert material heretofore suitable only for making what is known in the trade as a number 2 or number 3 scrap bale into a material equivalent or superior to a number 1 bale of scrap.

"A further object of the invention is to effect such a conversion at a cost that is low enough to effect an overall saving in the cost of steel production compared to the use of number 1 scrap bales.

"A further object of the invention is to produce a flowable material, analogous to graded hard coal or rock, which can readily be handled by conventional continuous conveyors such as augers or buckets or belts, as distinguished from unitized bales requiring individual handling." (Col. 1, lines 23-36. R. 338)

Neither roasting, nor a product which has been roasted, is referred to in either the portion briefly describing the invention or the objects of the invention.

(2) The original specification makes it clear that the specific embodiment of the invention described and shown in the drawings is not the only possible form of the invention. Note that a "preferred method embodying the invention" is described. (col. 1, line 40. R. 338) It is apparent that it was not there intended to limit the invention to only the preferred method.

Note also that Figures 1A and 1B are stated to constitute "a semi-schematic layout of apparatus *suitable* for carrying out the method of the invention". (col. 1, lines 57-59. R. 338) (Emphasis added.) This places no limit on this specific apparatus to perform the method of the invention.

Then, as shown in column 1, lines 62 and 63, it is "the apparatus there shown" in Figure 1 (apparatus "suitable" for carrying out the method) which is described. The statute says that the specification "shall set forth the *best* mode contemplated by the inventor of carrying out his invention". 35 U.S.C. § 112 (Emphasis added) There is no requirement that *every* mode of carrying out the invention be set forth. Such a requirement would, of course, be impossible of compliance. *Smith v. Snow, supra* at 11; *Pursche v. Atlas Scraper and Engineering Co.*, 300 F.2d 467, 479 (9th Cir. 1961). Thus, the description there given is only of the preferred apparatus shown in the drawing and its operation upon the raw material.

(3) In column 3, lines 44 to 47 of the patent, it is stated:

> "While a *preferred* embodiment of the invention has been shown and described, many modifications thereof can be made by one skilled in the art without departing from the spirit of the invention . . ." (Emphasis added).

(4) Roasting was known in the prior art, as exemplified by the Brooke patent (Ex. U), and by the fact that after the Brooke patent was cited by the Patent Office (R. 440) Mr. Proler never tried to use roasting as a distinction over the prior art.

(5) The product resulting from the process is fully described in the original patent as one made from a suitable raw material, as previously described in the patent, and which is reduced to pieces *substantially free of non-ferrous materials,* and which has a high density, and therefore is suitable for charging to all types of steel furnaces. (col. 3, lines 19-43, R. 339) It was not stated that it must have been roasted to free it of non-ferrous materials.

From the foregoing, it is apparent that the basic concept of this invention is a process for deriving a clean, high density, flowable scrap material from old automobiles and the like. This is expressed in the objects of the invention and in the stated result of the practice of the process of the invention. Roasting is referred to only in discussing a *preferred* method and *one* embodiment of apparatus suitable for practicing the method. Thus the patent meets every fact test laid down in *Monogram v. Glemby, supra.*

It is apparent from the foregoing that there is substantial evidence in the Record supporting appellant's contention that the reissue claim is for the invention disclosed in and intended to be protected by the original patent and that, therefore, the district court was in error in granting summary judgment on this ground.

Appellees rely primarily on the decision of the United States Supreme Court in *U. S. Industrial Chemicals, Inc. v. Carbide & Carbon Chemicals Corporation,* 315 U.S. 668, 86 L.Ed. 1105 (1942). In that case (*which was decided after a full trial and not on summary judgment*), the Supreme Court held a reissue patent invalid as being for a different invention for the reason that the re-

issue did not describe and claim the invention intended to be secured by the original patent.

But the present case is readily distinguishable on its facts. In *Industrial Chemicals* the original patent had described and claimed a process for making ethylene oxide by subjecting ethylene to the simultaneous action of oxygen and water in the presence of a catalyst. The original patent specification stated that the presence of water reduced the production of undesirable side-products. In the reissue patent, however, the specification was completely rewritten, and all previous references to water were removed, with the statement being added that water might be used for a completely different purpose, i.e., to reduce the temperature of the zone of reaction.

In its determination of whether the invention claimed in the reissue was originally intended to be secured, the Supreme Court considered as material the facts that (1) the objects of the invention in the original specification had recited the use of water; (2) the specification was rewritten to eliminate the previous reference to water; (3) that insofar as one skilled in the art could tell from reading the original specification, the process there described could not be practiced without the introduction of water; and (4) that the evidence showed the discovery that the process would work without the addition of water was not made until after the patent issued. *Industrial Chemicals, supra* at 672-677.

It is apparent that the reissue patent of the present case is not afflicted with *any* of the defects of that of the *Industrial Chemicals* case:

(1) The objects of the invention as originally set forth in the specification still apply, without any modification, to the reissue claims.

(2) The specification was not rewritten to eliminate the previous reference to roasting, or to change the stated purpose for roasting.

(3) One skilled in the art, reading the original specification, would recognize that the process there described could be practiced without any roasting operation. In Sam Proler's original conception, and in his first trial run of the process, he did not include roasting (Sam Proler deposition, pp. 167-170). The original disclosure sets forth four different ways of separating non-ferrous material from ferrous material, and Mr. Derlacki noted, *before the patent was reissued,* that these were only "four out of the six key steps for separating ferrous scrap from trash and non-ferrous metallics" (Ex. X).

(4) There is no evidence in the Record that the fact that the process could be performed without roasting was not known and recognized when the original application was filed. As just noted, Mr. Proler, the inventor, recognized it.

Thus, *under the authority relied on by appellees,* it is apparent that there is substantial evidence in the Record raising a genuine issue of material fact on the question of whether claim 9 is for the invention originally disclosed.

Before the Brooke patent was cited, showing that roasting was old, counsel for the patentee argued to the Patent Office that roasting of the shredded scrap was one of two distinctions over the prior art, the other being the individual compacting step. Appellees contend that these arguments by counsel are evidence that the roasting operation was considered to be essential in the original application. Neither the law nor the Record supports this con-

tention. In the present case, Sam Proler's attorney argued at length that there were *two* distinctions over the prior art, but *no claims were ever allowed as a result of these arguments* (R. 440-442). After the Brooke patent was cited, the attorney quit arguing about roasting, which was disclosed by Brooke, and concentrated on the "compacting" distinction. It was only then that claims were allowed.

Thus the roasting operation, which was *not* relied on to obtain allowance of the patent claims, was well known in the art, and was not even a factor in the granting of the patent.

It has therefore been shown that there is evidence in the Record providing substantial support for the finding of the Commissioner of Patents. The evidence clearly is to the effect that the original specification disclosed a process in which the purification of the material could be performed in a number of ways, all of which were old, and that neither the performance nor the patentability of the process depended on the use of any particular type of purifying.

This Court held in *Hycon* that the fact that all the evidence is documentary does not do away with the necessity of deciding fact issues and that ". . . any tendency to abolish trial in patent cases for consideration of documents in camera should be curbed." *Hycon, supra* at 356.

The Sixth Circuit Court of Appeals agrees. In *Hartzell Industries,* infra, it held that the question of whether the reissue claims were to something other than "the invention disclosed in the original patent" was a factual question:

> "On this appeal, defendant urges us to make such findings by examining the specifications, the draw-

> ings, the claims and the oath of the inventor, all a part of the application for the reissue patent. It is not our function to do so. The taking of testimony will undoubtedly be necessary to resolve such factual questions." *Hartzell Industries, Inc. v. McCauley Industrial Corporation,* 304 F.2d 481, 484 (6th Cir. 1962).

Consequently, it is apparent that the district court erred in adjudging the patent invalid on this ground on summary judgment.

The district court also erred in its findings of fact and conclusions of law made ostensibly to support its judgment on this ground.

Finding of fact 2.2 is erroneous in fact in that it does not set forth the process described in the patent, but instead it recites, in substance, the "preferred method" noted in column 1, lines 39 to 47, of the patent (R. 338), adding thereto the specific pieces of equipment described in the patent as being suitable for carrying out the process of the invention.

Finding 2.3 is immaterial in that the arguments made by counsel referred to therein were not ultimately relied upon by the patentee to obtain the claims of the original patent or by the Commissioner in allowing those claims.

Finding 2.4 is immaterial because one does not look to the claims of the original patent to determine if the reissue claims cover an invention disclosed originally. The reissue claims are necessarily broader; otherwise, the reissue statute would be of little or no practical value. *Application of Handel, supra* at 948.

Conclusion of Law 4 is erroneous for the reason, as has heretofore been shown in detail, that there are genuine issues of fact material to the question of whether claim 9 covers an invention disclosed in the original patent.

F. The Error In Failing To Claim Broadly

Specification of Error No. 4 restated:

The district court erred in holding on summary judgment that claim 9 of the Proler reissue patent was invalid on the ground that the defect of the original Proler patent did not arise through error because there was evidence before the court sufficient to raise genuine issues of material fact as to this defense.

Appellees' allegation that there was no "error" within the meaning of 35 U.S.C. §251, was not established by them in the court below.

The record clearly shows that the error was in failing to claim the invention as broadly as the inventor was entitled.

Appellees misconceive the meaning of the term "through error without any deceptive intention" as has clearly been defined by the courts. The courts have consistently held that *the failure of the patentee to claim his invention as broadly as he was entitled* is such error as will justify the reissue of the patent with broader claims which will cover the invention. In this regard, this court stated in *National Nut* as follows:

"On the question of 'inadvertence or mistake'* we quote from our decision in Perfection Disappearing Bed Co. v. Murphy Wall Bed Co., supra, 266 F. at page 699:

> "From the foregoing decision and others it is obvious that the words 'inadvertence or mistake' are used in the statute as the antithesis to 'fraudulent intent,' and that *in the absence of fraud the failure of an inventor or his solicitor to put the claims in such form as will cover the entire invention is 'inadvertence,'* within the meaning of the statute, and that to justify a reissue it is not necessary that the original patent shall be inoperative, but it is sufficient if it fails to secure to the patentee the whole of his invention'." (Emphasis added) *National Nut v. Sontag, supra* at 330.

Appellees have presented no evidence of any fraudulent intent on the part of appellant. In this regard the Seventh Circuit Court of Appeals found, in *Hazeltine Research,* infra, that there had been error in accepting claims which were too narrow, noting that there was no evidence of any intention to deceive and that: "Deceptive intention, like fraud, is never presumed." *Hazeltine Research v. Avco Manufacturing Corporation,* 227 F.2d 137, 144 (7th Cir. 1955). Also relevant on this point is the statement of the Eighth Circuit Court of Appeals as follows:

> "Mistake, as used in this statute, may cover any sort of misconception or misapprehension. As said in Motion Picture Patents Co. v. Laemmle, D.C. N.Y., 214 F. 787, 794, 'It is far from simple to fix

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* As appellees have stated, the language "inadvertence or mistake" is construed as having the same meaning as the present statutory term "error without any deceptive intention."

> on phraseology for patent specifications and claims which will successfully resist attack, and where, as here, there was no fraud or deceptive intention, and the patentee claimed more as new than he was entitled to, such error was clearly due to that inadvertence, accident, or mistake in respect of which the statute was intended to afford relief'." *Freeman v. Altvater,* 138 F.2d 854, 858 (8th Cir. 1943).

The Court of Customs and Patent Appeals has held that the question of whether an error occurred is a fact issue:

> "We find as a factual matter that a mistake occurred in the prosecution of the patent application. That mistake was in not then presenting the appealed claims with the result that appellant's patent claimed less than he had the right to claim." *In re Wesseler,* 367 F.2d 838, 850 (C.C.P.A. 1966).

There is substantial evidence that the patentee originally claimed less than he was entitled to claim. Roasting was old, as shown, for example, by the Brooke patent (Ex. U), and was not relied upon by the Patent Office as distinguishing the invention from the prior art. Note that the last argument to the Patent Office which resulted in the allowance of the original patent claims relies solely on the individual compacting to distinguish over the prior art. (R. 466-473). Thus the recitation of roasting in all the original claims was an unnecessary limitation. The claims would have been allowable and would have been broader without roasting. Therefore, the attorney for Sam Proler claimed less than he was entitled to claim in the original patent. His failure to claim more broadly, by defining the separating or purifying step more broadly,

was error of the precise type referred to in the above-cited cases.

It is evident from the Record before the court that there is at least a genuine issue of material fact as to whether there was error as contemplated by the law. Actually the evidence is overwhelmingly in appellant's favor on this point. The presumption of validity which applies to patents in general applies to reissue patents as well, *Hartzell v. McCauley, supra* at 484, and the court may not review the decision of the Commissioner of Patents upon the question of inadvertence, accident or mistake unless the matter is manifest from the record. *Topliff v. Topliff, supra* at 664. The Ninth Circuit has consistently followed this rule, stating, that "from the reissuance of a patent it is to be presumed that the law was complied with." *National Nut v. Sontag, supra* at 330.

The reissue statute is to be liberally construed, and the court must assume that the Commissioner found the facts relative to inadvertence, accident or mistake in favor of the applicant unless there is an entire absence of evidence to support the commissioner's action. *Freeman v. Altvater, supra* at 859, and *Sbicca-Del Mac v. Milius Shoe Co.,* 145 F.2d 389, 396 (8th Cir. 1944).

With respect to this allegation the District Court found in its conclusion of law 5 that the reissue patent is invalid "in that the defect of the original Proler patent did not arise through error". From the foregoing it is apparent that this conclusion is erroneous as a matter of law and is not supported by the evidence, and at the very least there is a genuine issue of fact material to the question.

G. Sufficiency of the Oath

Specification of Error No. 5 restated:

The district court erred in holding on summary judgment that claim 9 of the Proler reissue patent is invalid on the ground that the oath filed with the application for reissue fails to show any error because there is no evidence to support this, or alternatively, there was sufficient evidence before the court to raise genuine issues of material fact thereon, and on whether the Commissioner had sufficient evidence of error before him from the file record to determine there was error within the meaning of 35 U.S.C. §251.

Appellees' allegation that the reissue oath did not specify the error is astounding in light of the fact that the oath itself (R. 495) shows on its face that the error was the failure of the applicant's counsel to include in the original patent "claims broad enough to provide full protection to the invention." This describes precisely the type of error which the courts have held to be required under the statute. *National Nut v. Sontag, supra; Hazeltine v. Avco, supra.*

Furthermore, the oath set forth the precise nature of the error which was relied upon:

> "Deponent further deposes and says that *the failure to include claims broad enough to properly protect the invention* arose through error and without any deceptive intention. . . ." (R. 495) (Emphasis added.)
>
> *"The error in failing to include claims broadly defining the purifying step* arose during the prosecu-

tion of the application for the patent. . . ." (R. 496) (Emphasis added.)

In addition, the oath described in detail exactly how the claims of the original patent failed to fully protect the invention:

> "All claims in the patent well cover a preferred embodiment of the invention, however the principal advantages of the invention may be obtained by imperfectly practicing the invention in such a way as may be construed to be outside the scope of the claims.
>
> "All the claims of the patent are broadly directed to a process which comprises the steps of sizing the material, purifying the material, and compacting the material. In reviewing the claims, and comparing them with the prior art, it is noted that the purifying step should be defined more broadly. Although the preferred embodiment of the invention, as is described in the specification, includes for the purifying step the operations of magnetic separation, hand picking, roasting, and trommeling, the invention could be practiced, albeit with less than optimum results, by using less than all four of these operations, or by modification of some of these operations. It is desired by this reissue to include claims of the scope of claims 1 (sic), 10, 11, and 12, which would clearly cover such practicing of the invention as would still achieve the principal advantages of the invention although modifying somewhat the preferred operations of the purifying step." (R. 495).

Appellant submits that on the record there is no evidence whatsoever of insufficiency of the oath. Consequently, at the very least a genuine issue of fact is raised by appellant as to the sufficiency of the oath.

Moreover, as a matter of law, this ground does not constitute a defense, since the patent statutes do not require an oath in support of the application for reissue. This fact was noted in *Fehr v. Activated Sludge,* 84 F.2d 948 (7th Cir. 1936). In that case the court refused to find a reissue patent invalid on the ground of the alleged failure of the oath to sufficiently set out the error, stating that, ". . . the commissioner in passing upon the petition may supplement its disclosures with any pertinent information gained from the records in his office." *Fehr, supra* at 950. To the same effect, see *General Radio Co. v. Allen B. DuMont Laboratories,* 129 F.2d 608, 612 (3rd Cir. 1942).

In the present case the record shows that the oath itself set forth the precise nature of the error relied upon, so that no additional information was required. However, if the commissioner found it necessary, he had available to him the file history of the original application and all the prior art considered during the prosecution of the application, so that the commissioner could assure himself that it was in fact error to leave the roasting limitation in after the citation of the Brooke patent made it apparent that roasting was not a distinction over the prior art.

The district court erred in its finding of fact and conclusions of law made ostensibly to support its judgment on this ground.

Finding of fact 2.7 is erroneous on summary judgment because at the very least there was evidence sufficient to raise a genuine issue of fact on whether the oath showed "error" as defined in the statute.

Conclusion of law 6 is erroneous on summary judgment because there is sufficient evidence to raise a genuine issue of material fact on whether the record before the Patent Office showed "error without deceptive intention" under 35 U.S.C. §251.

Conclusion of law 7 is erroneous on summary judgment because there is sufficient evidence to raise genuine issues of fact on:

1) whether the oath describes the error; and

2) whether without the oath, the commissioner had sufficient evidence before him to find error.

It is clear that the district court erred in holding for appellees on this point on motion for summary judgment.

VI.

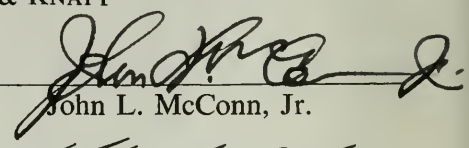
CONCLUSION

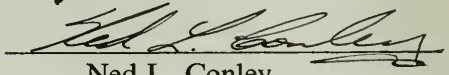
Appellant respectfully submits that the district court erred in granting summary judgment on each of the five grounds presented by appellees, and that such judgment

should be reversed and remanded to the district court for trial.

Respectfully submitted,

BUTLER, BINION, RICE, COOK & KNAPP

By 
John L. McConn, Jr.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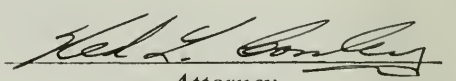
I certify that, in connection with the preparation of this brief, I have examined Rules 18, 19 and 39 of the United States Court of Appeals for the Ninth Circuit, and that, in my opinion, the foregoing brief is in full compliance with those rules.

This is to certify that three copies of this brief have been served on counsel for the appellees by mailing them to their addresses of record.


Attorney

APPENDIX

Exhibit No.	Reference Page Number In Printed Record
Appellant's	
A	89, 172, 669
B	534
C	384, 669
D	89, 170, 669
E	88, 173, 669
F	89, 173, 669
G	668
H	668
I	668
J	668
K	668
L	668
M	668
N	171, 669
P	669
Q	171, 669
R	669
S	669
T	554
U	669
V	384, 669
W	435, 669
X	170, 669
Y	485, 669

Exhibit No.	Reference Page Number In Printed Record
Appellees'	
A	335
B	340
C	341
D	342
E	345
F	360
G	416
H	484